

BETTER MANAGEMENT WITH FEWER PEOPLE

Acquisition Reform and the Civilian Workforce

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The call for defense acquisition reform has been heard. Congress is examining a broad assortment of specific recommendations for change in existing law. Actions to date, however, have focused largely on the body of law, policy, regulation and procedure associated with the defense procurement process, and have paid scant attention to managing the human resources required to execute the process.

The civilian acquisition workforce struggles daily to satisfy the needs of America's armed forces within a work environment burdened by bureaucracy, highly controlled by federal law and regulation, awash in paperwork and faced with the certainty of restructuring and downsizing actions. Can acquisition reform realize the desired outcome, as stated in the Report to Congress of the DoD Acquisition Law Advisory Panel, of providing better management with fewer people at less cost without addressing the human resources dimension of the acquisition system?

The Climate of Change

The vision and framework for improving the acquisition workforce are in place. The Defense Acquisition Workforce Improvement Act (DAWIA) of 1991 (Public Law 101-

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510) set the stage for the Services to establish professional corps of civilian and military acquisition personnel. For example, the Army Acquisition Executive Support Activity has established the following statement of purpose to describe the Army Acquisition Corps:

"We seek to establish a world-class acquisition workforce [made up of]

bold, innovative acquisition professionals; people with keen business sense, technical competence and strong desire to tackle complex projects; [and] leaders and managers who are dedicated to providing our soldiers with world-class equipment."

If workforce quality is a priority, the personnel management system must recognize and promote these desirable qualities in meaningful ways. How can the Services establish and maintain a high performance workforce in a period of restructure and downsizing, given a personnel management system which ensures job security to average performers and gives highest value to seniority and service time in the event of reductions in force?

Few in government would disagree that there is fat and waste to be trimmed, given the opportunity to redesign the acquisition organization. Care must be taken, however, that any new structure be viable, represent a requirements-driven organizational design, and be populated with a workforce reflecting diversity in experience, occupation, grade, age, gender and minorities.

In addition to the acquisition reform initiatives, other forces for change exist in acquisition personnel management. Vice President Gore's Report of the National Performance Review (NPR) deals, in part, with federal government organizational design, ad-

vocating more horizontal organizations, and imposing limits on the manager to subordinate ratio. More to the point, President Clinton and Vice President Gore coauthored the following opinion in their book, *Putting People First*: "We must reward the people and ideas that work and get rid of those that don't."

Composition of the national labor force is in transition with far more women and minorities, changing skills mix, and an aging population. The proportion of the population aged 50 and older will grow faster in the 1990s than any other group. In the context of a professional acquisition corps, this age group represents a highly capable, knowledgeable core of experts and potential mentors who, given the current economic climate, may not only want to work longer, but may need to work longer to ensure financial independence in the face of diminishing real values of social security and retirement benefits. However, the acquisition personnel management system must be amended to require continuous education, retraining and redeployment of older workers to preclude potential homesteading and stagnation, which could lead to reduced effectiveness within the ranks of a professional acquisition corps.

The DAWIA has mandated minimum educational requirements for critical program management positions; however, the issue of proficiency training or reeducation to maintain up-to-date knowledge and skills also must be addressed. A variety of solutions are possible. Setting a minimum number of hours of documented training or education per year is an option. Another solution is to establish a cycle for reeducation; perhaps every four years (coincident with reassignment), a refresher course might be required.

Another force for change is the growing dependence upon matrix support to acquisition programs. The

skills and abilities needed to integrate and motivate personnel from external organizations and manage multiple chains of command require a new breed of leaders. These master integrators, with all the problems and pressures they face, are not well served by the rigid, bureaucratic, inflexible management practices in place today.

Perhaps the strongest force for change is the growing similarity in work situation between the military and civilian components of the acquisition community. Previous distinctions in the areas of work assignment, mobility, performance standards, performance evaluation and, in some respects, training and education no longer exist. Furthermore, the fact that the Army intends to hold combined military and civilian program manager selection boards implies profound change for civilian acquisition personnel management.

A Workforce in Transition

Demands for a world-class acquisition workforce impose new standards of performance and new methods of management to permit recruitment, development and retention of the best and the brightest. Recruitment is almost nonexistent,

and reassignments, while required under the Army Acquisition Corps accession agreement, take entirely too long in the rare cases where these actions are even possible due to local freeze policies. Some insight can be gained in this area by looking to industry where the competitive pressures have been intense since the mid-1980s with resultant restructuring and downsizing a common occurrence. Many corporations have not survived market pressures; others have changed and can be seen thriving in a business environment where opportunities are fewer. What made the difference?

Edward E. Lawler III, Susan G. Cohen and Lei Chang, writing for the Laborforce 2000 Survey, state that the factors serving to attract, motivate and retain today's employees include (in this order): (1) opportunities for interesting work; (2) compensation; (3) opportunities for advancement; (4) opportunities to participate in decisions; (5) health benefits; (6) job security; (7) retirement benefits; (8) family support policy; and (9) flexible work schedules.

While individual motivation factors are unique for each employee, the Laborforce 2000 statistics were



At a White House ceremony in September 1993, framed by the bulk of documents that define "red tape" of the federal bureaucracy, President Clinton acknowledged and accepted the National Performance Review presented by Vice President Gore.

Photo by Richard Maltz

collected across 406 randomly selected companies from the Conference Board, a business research consortium composed of firms strongly interested in data on economic and organizational trends. The indicators, therefore, serve to focus managerial attention on those needs most prevalent in the workforce. Whether this is the exhaustive list or not is less important here than the order of preference.

Federal personnel management system performance in the current environment is marginal in at least the top three priorities. Many defense agencies have been under hiring, promotion and transfer freeze policies for several years now, and civil service has not been competitive in compensation for a very long time.

Job security, on the other hand, popularly seen as the major advantage of government service over employment with industry, ranks sixth in priority for the employee population sampled. According to Mirvis, the notion of cradle-to-grave job security has been abandoned by the broad base of American industry.

The private sector has long recognized the advantages of professional development (fostering movement through a variety of assignments, thus answering the need for interesting work), has pay scales typically higher than their government counterparts, and rewards high achievers with advancement opportunities. Businesses are now concentrating on human resource development strategies such as mentoring, education and training, flexible schedules, retraining and reassignment, diversity programs, child and elder care assistance, and phased retirement options.

On the other hand, the defense acquisition workforce leadership must yet reform its personnel management system to create a work environment attractive to the quality professionals

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required by the Congress, the White House and the DoD. Such a system, in order to keep quality personnel, must be designed to satisfy workers' high-priority needs.

The Clinton administration is actively involved in an effort to "reinvent government." The NPR made recommendations for profound change in government workforce management. Among the specific provisions, the report recommends phasing out the *Federal Personnel Manual* and all agency implementing directives, decentralizing personnel management authority, creating demonstration projects to permit agencies greater flexibility to hire, retain and promote the best people they find, as well as allowing pay scales to be pegged at market rates.

Though the NPR does not establish policy or mandate action, it does serve to emphasize administration ini-

tiatives, some of which (such as the Government Performance and Results Act) are already codified in law. While these activities can be expected to yield results in the future, defense acquisition is already in the throes of change. The Secretary of Defense has further enabled action toward NPR goals by delegating authority to the Secretaries of the military departments and Directors of defense agencies to waive DoD directives, publications and instructions as needed to streamline or reengineer processes.

Personnel Management Environment

The civilian personnel management system in place for acquisition personnel is the Competitive Service. Provisions exist under Title 10 for exceptions to be made to the broad application of Competitive Service. This form of employment is known as Excepted Service.

Excepted Service is fundamentally different from Competitive Service in the areas of appointments, assignment changes, terminations and removal actions. The appointment process for Excepted Service is simplified; movement between the Excepted Service and Competitive Service is enabled through agreement between the federal agency and the Office of Personnel Management (OPM); and terminations and removal actions are simplified while still providing for an appeals process.

Excepted Service is utilized by all three branches of government. The Legislative Branch has a variety of excepted categories including positions in the General Accounting Office and Library of Congress. The Judicial Branch has a similar arrangement, excluding the Administrative Office of the U.S. Courts. Within the Executive Branch, Title 5 U.S. Code lists the following categories of positions as excepted:

- a. Positions excepted by statute, such as intelligence-related positions

(e.g., DoD, DIA, CIA, FBI, NSA), the Tennessee Valley Authority, the Foreign Service, the Nuclear Regulatory Commission, the United States Postal Service, and physicians, dentists, nurses and allied health positions.

- b. Positions excepted by presidential executive order in the interest of good administration as provided for in Title 10 U.S. Code, Section 3302. This includes certain positions in the Departments of Interior, Health and Human Services and Commerce, the Environmental Protection Agency, and others.
- c. Positions excepted by the OPM.

Several categories of defense personnel are employed under Excepted Service; these include, but are not limited to, academic staff, political appointees, and a broad range of intelligence-related personnel.

Given the importance of the defense industrial base to national economic security and the unique human resource requirements of DoD acquisition, consideration must be given to converting the defense civilian acquisition workforce to the Excepted Service and establishing a separate personnel management system, referred to here as the Civilian Acquisition Personnel Management System (CAPMS), to manage more professionally this segment of the government workforce.

Existing Alternate Personnel Management Systems: the DSMC and CIPMS Approaches

Among the diverse organizations operating under Excepted Service rules, a broad range of management schemes exists. Some are generally similar to the Competitive Service, and others are almost unrecognizable as government personnel management structures.

An example of a truly revolutionary approach is the structure adopted by the Defense Systems Management

College (DSMC) faculty. In this example, the GS/GM position rating, job descriptions, job performance standards and performance appraisals have been discarded. A unique ranking system has been devised which ties faculty basic pay to private sector rates. Routine annual recommendations for pay increases are based on value added factors such as increased capabilities, sustained contributions, demonstrated ability to assume greater responsibility, and added experience. This model is being applied to a small, highly skilled and homogeneous sector of defense acquisition educators.

A more traditional example, and perhaps a more appropriate model for the civilian defense acquisition population, can be found in the Critical Intelligence Personnel Management System (CIPMS), which established a common tri-Service framework for managing defense intelligence personnel from a variety of occupation categories.

The intended purposes of CIPMS respond to the same needs as those facing defense acquisition today. Specifically, CIPMS offers flexibility and responsiveness to changing requirements, comparability for similar personnel, professional development, timely adjustments in workforce composition in response to current workload pressures, and the incentives necessary to recruit and keep quality personnel.

The origin of CIPMS can be traced to Title 10 U.S. Code, Section 1590. The law specifically states that the Secretary of Defense "...may, without regard to the provisions of any other law relating to the number, classification, or compensation of employees

- 1. establish such positions for civilian intelligence officers and employees of the military departments as may be necessary to carry out the intelligence functions of such departments;

- 2. appoint individuals to such positions; and
- 3. fix the compensation of such individuals for service in such positions."

As in the DSMC example, CIPMS is exempt from the Classification Act of 1949 and, thus, from OPM oversight and authority in classification matters.

The CIPMS management system is designed to accommodate a broad range of occupation categories and relies on established position descriptions, performance standards and appraisal procedures. It differs from the Competitive Service, however, in enhanced responsiveness to changing conditions. The CIPMS enables compensation practices which explore the full range of basic pay, recruitment and retention incentives, and performance recognition financial rewards.

A provision for special salary rates exists, also, which can be established based on rates of pay for comparable work in the local area. Still another incentive is available within CIPMS to encourage mobility and that provides for a maximum two-step pay increase upon reassignment to a different position at the same grade level currently held. While CIPMS restricts this type of incentive to reassignments outside the geographic area, acquisition leadership may determine that this type of incentive is appropriate to motivate talented professionals to leave positions which they otherwise would have preferred to retain.

A special performance award has been identified within CIPMS which recognizes exceptional performance for at least three consecutive years. This award results in an increase in basic pay equivalent to two quality steps.

The CIPMS system advocates delegation of authority for personnel management decisions to line man-

agers, thus placing the budgetary and execution responsibilities for personnel related expenses at the level closest to personnel doing the actual work. The likelihood that appropriate levels of salary, benefits, recruitment and retention incentives, awards and training opportunities will occur is thus higher.

Minimum time-in-grade promotion restrictions which are standard for OPM do not apply to CIPMS. Likewise, there are no guaranteed or implied intervals for promotion. The spirit and intent of merit principles govern promotions.

In addition to financial incentives, alternate forms of reward are available under CIPMS. These include honorary awards and a variety of special awards. Worker satisfaction can be profoundly influenced by public recognition of achievement or distinction. A variety of citations, service medals, and certificates of accomplishment for extraordinary efforts in acquisition management could go a long way to energize and inspire the workforce to excel.

The CIPMS also imposes a set of conditions of employment which must be communicated in a written agreement with applicants and employees. For the intelligence personnel example described here, the requirements include level of clearance, periodic polygraph, physical and medical standards, and mobility.

In the acquisition field, certainly a condition of employment should be mobility (both geographic and interdisciplinary). Requirements for continuous education and training could also be conditions of employment.

Furthermore, a critical flaw within Army civilian acquisition personnel management which must yet be addressed is the very real problem of a professional acquisition corps that is effectively filled to capacity. While no firm cap has been imposed, budget

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pressures demand an upper bound for membership. In fact, the Army Acquisition Corps has been closed to new applicants since 1992.

What action can be taken to winnow the population on an as-required basis to make room for appropriate levels of new or junior personnel to enter? Unless action is taken, a static workforce will evolve which continues to age until large-scale retirements begin to occur. At that future time, few seasoned junior professionals will be available to assign to critical vacancies.

Therefore, some provision must be made for a civilian selective retirement/reassignment board to carry out

the onerous task of identifying personnel excess to the corps needs.

Maximum consideration should be given to reassigning released employees to vacant positions (in either Excepted or Competitive Service) within their chosen geographical region. In this case, another similarity would be created with the military component of the acquisition corps. These officers have already been subjected to a series of Selective Early Retirement Boards which would provide practical lessons learned for application to the civilian situation. Acceptance of this process is another potential condition of accession to the acquisition corps, and could be delineated in a written agreement similar to that used by CIPMS.

Notions for an Alternate Acquisition Personnel Management System

Profound change is the order of the day for defense acquisition. Workforce reform must be addressed in an environment of downsizing or "rightsizing" of civilian personnel. If shrinkage takes place in the near-term, within the rule sets that exist today for Competitive Service, many of the best and brightest acquisition professionals will be lost, while some persons with less skill but greater seniority will be retained. Furthermore, little opportunity exists today to invigorate the workforce through recruitment of new talent or through personnel movement between existing organizations.

A way must be found to recruit, develop and assign high-quality acquisition professionals to challenging programs, and then retrain, reeducate, redeploy and ultimately release these personnel as the situation warrants. It may even be time to relook at the population of experienced, acquisition qualified, retired military officers. This group represents a valuable pool of talent that is now discouraged from joining government service since their earned retirement income would

be reduced significantly. The Services are, therefore, losing their long-term investment in these acquisition experts to industry.

An alternate civilian acquisition personnel management system such as CAPMS would respond to the forces for change affecting defense acquisition today. The CAPMS, with features tailored from the CIPMS model, would remove many of the existing barriers to effective performance by this uniquely skilled and increasingly important segment of the national workforce. This proposed new personnel management system should be structured to respond to the priority needs of the contemporary American workforce.

In addition, CAPMS should offer enhanced mentoring opportunities, require periodic education and training, encourage interdisciplinary and organizational mobility, provide mandatory diversity programs, ensure re-assignment flexibility to return to the Competitive Service, and allow for phased retirement options. The CAPMS should incentivize recruitment of key personnel, reward outstanding performers in a variety of ways, and provide a process for adjusting the size and composition of the acquisition workforce to match workload demands.

The proposed CAPMS management system responds fully to the NPR recommendations and is executable today under existing law. Action to implement the alternate management structure can be taken by presidential executive order in the interest of good administration or by OPM action in accordance with Title 5 U.S. Code, Section 3302. An opportunity also exists to create a demonstration or pilot project to permit evaluation and detailed definition of this alternate approach to acquisition personnel management.

Conclusion

Experts from the American business community predict the future

“There will be even fewer resources than there are now — less time, less money, fewer managers and supervisors to make the decisions, less opportunity to make mistakes, less job security.”

will exert even greater demands on the workforce than the present. J. Boyett and H. Conn, in *Workplace 2000: The Revolution Shaping American Business*, state, “There will be even fewer resources than there are now — less time, less money, fewer managers and supervisors to make the decisions, less opportunity to make mistakes, less job security.”

Given this environment and the pressures from the White House and Congress as well as from within the Department of Defense, civil service can no longer remain immune to change. Like our partners in defense industry, we in government must find creative ways to ensure that our armed forces remain equipped with high-performance materiel at a cost the nation is willing to pay.

Recognizing the importance of the defense industrial base to U.S. economic security, the call for defense acquisition workforce improvement, and the certainty of reduced effectiveness due to downsizing actions, acquisition leadership should consider converting civilian defense acqui-

sition personnel to the Excepted Service and establish a separate personnel management system to meet the urgent challenges facing this critical component of the national workforce.

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